

Auction Houses

Brief description of the industry

Auction House facilitates the buying and selling of settings such as Paintings, Work of Art or Collectibles. The 5th AMLD has singled out persons trading or acting as intermediaries in works of art, including when this is carried out by art galleries and auction houses, where the transaction or series of linked transactions amount to €10,000. Such entities or sole traders will be considered as “subject persons/obliged entities” with reporting obligation under the AML/CFT regulation within EU.

Additional Due Diligence and Conditions applicable

- MCC 8999 (if works of art is carried out by auction houses, MCC 5971 applies)
- License maybe applied in certain Jurisdiction. In United Kingdom, Auction Houses requires a license (depending on the area) <https://www.gov.uk/auction-premises-registration>
- Merchant is to provide an explanation on the checks performed on customers buying auction items. Alternatively, they can provide the AML/FT policy (if applicable, e.g. Work of Art/ Paintings when is carried out by auction houses)
- Underwriters may request Certificates of Authenticity for high value items at their discretion.
- Processing history for the last 3 months (minimum period)
- Only auction houses that have been in business for 3 years or more will be considered.

Geographic Restrictions/BIN Blocks applicable

- No default blocking but case on case basis based on findings.

Risk Mitigation

- Shipping Policy and Payment Page must include only the country of registration
- 3DS is mandatory Terms on an account are set at the discretion of the Underwriter. Where shipping is involved recommend a 5% Rolling reserve over 180 days.
- The underwriter shall review the delivery process of the merchant in consideration to determine the appropriate terms to propose.
- Minimum funding delay shall be of 5 days.

